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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 001456

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SUBJECT: TUTO QUIROGA ON CHAVEZ DOMINO EFFECT

Classified By: Amb. David N. Greenlee for reasons 1.4 (b) and (d).

11. (C) Summary: Former President and opposition leader Jorge "Tuto" Quiroga told the Ambassador on May 30 that the USG should help "stop Chavez" in Peru, or risk the domino effect in Ecuador and elsewhere. Quiroga talked at length about Chavez's visions of a Bolivarian state, and said that after Peru, Chavez will focus on the upcoming electoral contests in Mexico and Nicaragua. Quiroga had firm ideas about how the international community and the United States should respond to the Morales government, suggesting that World Bank and IDB debt relief for Bolivia be blocked, and that the U.S. take ATPDEA and MCC off the table. Quiroga remains hopeful about his party's chances for the Constituent Assembly, and thinks Podemos has a realistic chances of winning one-third of the 255 seats. End summary.

12. (C) Former President and opposition leader Jorge "Tuto" Quiroga told the Ambassador on May 30 that the USG should help "stop" Venezuelan President Hugo Chavez in Peru, or risk the domino effect in Ecuador and elsewhere. Quiroga said if former Peruvian President Alan Garcia wins on June 4, Chavez will mobilize the opposition (via presidential candidate Ollanta Humala) at some point to riot and force Garcia to respond. When Garcia uses force to restore order, and the inevitable casualties result, Quiroga says that Garcia will "go down like (former Bolivian President) Gonzalo "Goni" Sanchez de Lozada." After Peru, Quiroga predicts a showdown between the United States and Venezuela in Ecuador. Quiroga says that because Ecuador has many people who oppose free trade and hosts a significant indigenous population, it is "ripe" for Chavez's influence.

13. (C) Quiroga talked at length about Chavez's visions of a Bolivarian state, and said that after Peru, Chavez will focus on the upcoming electoral contests in Mexico and Nicaragua. He said we should make no mistake -- Chavez, who Quiroga called "delusional," thinks he is the new Simon Bolivar and wants to take over Latin America. Quiroga cited the many Chavez posters plastered across the Chapare for the MAS Constituent Assembly kickoff May 26, and that the Venezuelans were teaching their national anthem to the Bolivian crowd.

Quiroga said that in addition to his grip on Bolivia, Chavez holds Argentina, Brazil and Chile "hostage" by controlling the radical left in each of those countries, and effectively uses such control to minimize the actions those governments are willing to take against him publicly. Quiroga asserted that even Lula's closest advisors are Chavistas (including Jose Dirceu and Mario Aurelio Garcia), and that those under indictment in Brazil are more loyal to Chavez than Lula, as Chavez has promised them asylum in Venezuela if necessary. Quiroga characterized Chavez's power as "black" (referring to oil/energy) and "white" (referring to cocaine, given that Venezuela has become one of Latin America's biggest transshipment points for the drug trade).

14. (C) Quiroga, a technocrat with a clear understanding of international finance, had firm ideas about how the international community should respond to the Morales government. His primary concern is that Morales can nationalize hydrocarbons, undermine democratic institutions and increase coca growth without consequences, particularly from the IDB and World Bank. Quiroga said if Bolivia receives significant debt relief from the IDB and World Bank, "we can turn the light off in Bolivia and give the keys to Chavez." Quiroga said that Brazil and Mexico oppose IDB debt relief for Bolivia and that based on his recent consultations in Washington, the IDB package might be on hold. He urged the USG to coordinate with Brazil, Mexico and Europe to block further debt relief for Bolivia.

15. (C) Regarding the bilateral relationship, Quiroga advocated that the United States refuse to extend ATPDEA and

LA PAZ 00001456 002 OF 002

reject Bolivia's MCC proposal, but continue to offer a free trade agreement. Quiroga said an FTA is the one thing that "Chavez would never allow Bolivia to sign." In response to the Ambassador's question as to whether a decline in U.S. presence would create more space for Chavez in Bolivia, Quiroga said that "Chavez has already taken the territory" and will continue to expand his influence "no matter what the U.S. does." Quiroga believes that within two years, Bolivia will be in economic dire straits and that Morales' political project will unravel. In the meantime, he thinks the United States should work with the prefects and municipal governments, and possibly build up Vice-President Alvaro Garcia Linera, who he says is not a Chavista.

16. (C) Quiroga remains hopeful about his party's chances for the Constituent Assembly, and thinks Podemos has a realistic chances of winning 86 of the 255 seats. Quiroga says that twelve candidates on the MAS lists are actually sympathetic to Podemos, undermining the MAS's chances of controlling the Assembly. He lamented voter apathy for the Assembly election, stating that even the MAS has "gotten lazy" now that it is in government.

17. (C) Comment: While Quiroga can sound alarmist about Bolivia's political future, his insights regarding Chavez's regional plans merit attention. Quiroga's strong public comments following Chavez's May 26-27 visit that decried the Venezuelan leader's interference in domestic Bolivian politics indicate that Quiroga may be re-engaging as an opposition leader. Allaying doubts expressed by many that Quiroga might leave the country, he told us the MAS would have to "detain him or kill him" to silence his dissenting voice. End comment.

GREENLEE